

Message Text

SECRET

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ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

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APPROVED BY E:CWROBINSON

S/S- MR. ORTIZ

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN NIACT IMMEDIATE

S E C R E T STATE 209891

NODIS

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJECT: BILATERAL OIL DEAL WITH IRAN

EYES ONLY FOR AMBASSADOR FROM UNDER SECRETARY ROBINSON

REF: (A) TEHRAN 3297; (B) STATE 209713; (C) STATE 208751

1. IN LIGHT OF ANSARY'S PROPOSALS REF A, PLEASE MAKE REVISIONS NOTED BELOW IN TEXT TRANSMITTED BY REF C AND AMENDED BY REF B AND PRESENT CORRECTED TEXT AS SOON AS POSSIBLE TO ANSARY. TEXT SHOULD BE DESCRIBED AS EFFORT TO PUT IN COMPLETE CONTEXT OUR UNDERSTANDING OF MODIFICATIONS ANSARY SEEKS IN OUR AUGUST 21 DRAFT AGREEMENT, TO THE EXTENT I BELIEVE HIS PROPOSALS CAN BE JUSTIFIED AND MADE ADMINISTRATIVELY FEASIBLE. OUR PURPOSE IS TO DETERMINE WHAT TERMS WOULD BE ACCEPTABLE TO GOI PRIOR TO SEEKING FORMAL USG DECISION TO ENTER INTO AGREEMENT. PARA 3 OF GUIDANCE IN REF C STANDS. PRESENT INTENTION REGARDING SECRET

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DATING AND PLACE IS COVERED IN AMENDEMNT NOTED BELOW ON

SIGNATURE SECTION OF TEXT.

2. AMENDMENTS:

ARTICLE 2(A) -- ADD FOLLOWING AFTER "THIS AGREEMENT":
COMMENCING WITH SUCH QUANTITY ATTRIBUTABLE TO THE
MONTH OF JUNE 1975, AND TO INCREASE THIS QUANTITY BY
MUTUAL AGREEMENT WHEN IRAN IS PREPARED TO SUPPLY
ADDITIONAL QUANTITIES, WHICH QUANTITIES SHALL BE
ATTRIBUTED TO SUBSEQUENT MONTHS UNTIL TRANSACTIONS ARE ON
A CURRENT BASIS.

ARTICLE 3(B), NINTH LINE -- CHANGE "JUNE" TO MAY.

SIGNATURE SECTION, REVISE TO READ: AGREED IN
PRINCIPLE ON AUGUST 22, 1975. DONE IN TEHRAN ON
SEPTEMBER (BLANK SPACE) 1975 IN TWO COPIES. (REMAINDER
OF SIGNATURE SECTION AS PROVIDED)

FOOTNOTE CHANGES:

NUMBER FOUR -- CHANGE THIRD THROUGH FIFTH LINES TO
READ: INDEXING FROM THE OUTSET, WITH SEPTEMBER CONTRACTS
AND NOTES, BASED ON INCREASE IN US WHOLESALE PRICE INDEX
BETWEEN MAY BASE AND JUNE, AS REPORTED BY IMF IN
AUGUST (I. E., LATEST) ISSUE OF "INTERNATIONAL FINANCIAL
STATISTICS."

CHANGE LAST LINE OF FOOTNOTE FOUR TO READ: MAY
USWPI, AND ADD: THESE CONCESSIONS WILL RESULT IN INDEXED
PRICES FOR INITIAL CONTRACTS BEING ONE-FOURTH OF ONE
PERCENT (I.E., THREE CENTS PER BARRLE) ABOVE BASE PRICES,
AND WITH NO SUPPLIER CREDIT (DEFERRED PAYMENT TERMS)
PROVIDED BY IRAN WITH CONTRACTS. OCTOBER INDEXING ABOVE
BASE PRICES WILL BE LARGER, BEING SUM OF PERCENTAGE
INCREASE OF USWPI BETWEEN MAY AND JULY.

FOOTNOTE NUMBER FIVE -- DELETE FIRST SENTENCE AS
REQUESTED BY REF B.

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3. PLEASE POINT OUT THAT DUAL PRICING SYSTEM ON
"CURRENT" AND "BACK DATED" QUANTITIES SUGGESTED BY
ANSARY PER REF A IS NOT REPEAT NOT USED IN OUR TEXT
BECAUSE IT WOULD UNNECESSARILY COMPLICATE ADMINISTRATION
OF SALES. KISSINGER

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